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SUBJECT: SEEKING CREATIVE FUNDING FOR THE TOP U.S. INTERNATIONAL
ANTICORRUPTION PRIORITY

REF: UNVIE 386

SUMMARY

¶1. (SBU) Mission advises flexibility and creativity in current negotiations to create a new mechanism for reviewing implementation of the UN Convention Against Corruption (UNCAC), particularly relating to the issue of how the new mechanism will be funded. As negotiations reach the final stages, we are finding ourselves increasingly isolated in our position that the mechanism can only be funded by voluntary contributions (even from budget hawk Japan). Promoting implementation of UNCAC is the top priority for U.S. international anticorruption efforts, and, thus, it makes sense to entertain creativity in ensuring an effective and stable mechanism, including the ability to consider funding options that include a mix of UN Regular Budget funding and voluntary contributions or a binding scale of assessments. This request is consistent with UNVIE's vision in refTel to ensure the U.S. in Vienna adequately supports the professional work of UNODC, an organization which significantly furthers U.S. anti-drug and anti-crime priorities.
END SUMMARY.

NEGOTIATIONS IN FINAL STAGES

¶2. (SBU) Over 130 States Parties to UNCAC, including the U.S., are poised to adopt terms of reference for a new UNCAC review mechanism during the 3rd Conference of the States Parties in Doha on November 9-13. Negotiations are in the final stages. The U.S., led by INL with input and support from the U.S. Office of Government Ethics, USAID and the Departments of Justice, Commerce and Treasury, is attempting to design an effective review process that will help identify weaknesses and best practices in UNCAC implementation and establish effective targets for technical assistance.

INCREASING ISOLATION
ON FUNDING ISSUE

¶3. (SBU) As the characteristics of the review process slowly take shape, the U.S. has found itself increasingly isolated on the issue of how reviews should be funded. We have followed the traditional U.S. guidance of opposing the use of UN Regular Budget funding or any mandatory assessments, and, as such, are advocating only the use of voluntary contributions to fund the mechanism. This position has met with serious opposition from many G-77 and non-G-77 countries, which believe voluntary contributions are not a stable or consistent source of funding and might lead to an inherent bias favoring donor states in the operation of the mechanism. The EU and other like-minded countries which support us on many substantive issues relating to the mechanism have expressed their desire to see the review process funded entirely through the UN Regular Budget. Even Japan, usually our strongest ally on UN funding issues, has recently

expressed an openness to support a mix of UN Regular Budget funding and voluntary contributions.

FLEXIBILITY FOR A TOP
ANTI-CRIME PRIORITY

14. (SBU) There are strong arguments to consider more flexibility in the U.S. position on funding methods. UNCAC is the most comprehensive set of international commitments relating to the fight against corruption, and has become the cornerstone for U.S. government international anticorruption efforts. It is also the most globally applicable anticorruption treaty, with 136 States Parties to date, including the U.S. The U.S. played a major role during the negotiations for UNCAC, and has been a subsequent leader in promoting its implementation. U.S. NGO's and various private sector coalitions supported U.S. ratification of UNCAC in 2004, underscoring their desire to see an international review mechanism created to ensure that other countries would meet their commitments under UNCAC, thereby leveling the playing field for U.S. business and promoting integrity worldwide. At the July G-8 Summit in L'Aquila, President Obama and other G-8 leaders called for "the development of an effective, transparent and inclusive review mechanism" for UNCAC.

15. (SBU) Mission believes considering a mix of UN Regular Budget funding and voluntary contributions for the UNCAC review mechanism would not undermine the general principle that the operations of treaty bodies should not be funded from the UN Regular Budget. This would not be the first time such an exception has been made. As an example, UN treaty work related to the elimination of discrimination against women and other core human rights treaties has been funded,

at least in part, via the UN Regular Budget. In the end, the principle of restricting the use of UN Regular Budget funding for the work of treaty bodies remains in place.

16. (SBU) Furthermore, the current U.S. position is inconsistent with the existing arrangement for funding activities of the UNCAC Conference of the States Parties (COSP). The current operations of the UNCAC Conference of the States Parties, created pursuant to Article 63 of UNCAC and which would be the governing authority for any new review mechanism, already is funded by a mix of UN Regular Budget and voluntary contributions. The UNODC Secretariat, via UN Regular Budget resources, provides administrative support for regularly scheduled sessions of the COSP and its working groups, while Member States provide voluntary contributions to support expert group meetings, model legislation, technical assistance and other efforts that promote substantive implementation. Given that the creation of a new mechanism might lead to the dismantling of one or more of its working groups, we may be able to devise a funding mix for the new mechanism that minimizes any need to increase what is already sought for COSP operations in UNODC's biennium budget.

COMMENT

17. (SBU) Reftel outlined the Mission's vision for transforming the U.S. role in Vienna, particularly in the context of a new financial and governance (FINGOV) process, to ensure that we adequately support UNODC's work which significantly furthers U.S. anti-drug and anti-crime priorities. The creation and operation of an effective UNCAC review mechanism is a prime example of such work. UNCAC implementation is a top anti-crime priority for the U.S. UNODC's role in developing UNCAC and promoting its implementation has been innovative, professional and responsive to U.S. concerns and needs. Mission requests that Washington consider supporting negotiating flexibility to allow for alternative funding schemes, including a mix of UN Regular Budget and voluntary contributions, or, in the alternative, a binding scale of assessments. Funding via voluntary contributions would remain the U.S. position and objective, and negotiators would consider alternatives only in the case that agreement on voluntary contributions cannot be secured. Negotiating flexibility would ensure that we avoid a situation during the COSP where the U.S. delegation must stand alone and deny financing for a mechanism that the U.S. government, U.S. NGO's and the U.S. private

sector actively support. END COMMENT.

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